

# Motion by the Liberal Democrat Group

## City of Edinburgh Council

22<sup>nd</sup> February 2024

### Item 4.2 - Housing Revenue Account (HRA)

#### Council notes:

Much of what informs the Liberal Democrat Group HRA budget comes from tenants' feedback, the HRA Proposed Budget Report, the LEEHS Report, the internal audit on ad hoc repairs, uncertainty of funding from the Scottish Government, and crucially, the declaration of a Housing Emergency.

69% of homes in Edinburgh are flats – a greater proportion than Scotland overall. Homes in Edinburgh are significantly older than the Scottish average, with a tenth being listed and within conservation areas. We recognise this poses unique challenges in ensuring tenants' homes are warm and green.

“As an owner of social housing and a local authority landlord, we have an obligation to maintain and repair homes for tenants and shared responsibility with other owners to maintain common areas.”

But we think it can do more than that and become a model of best practice.

In the backdrop of the current Strategic Housing Investment Plan (SHIP) 2024-29 requiring a circa 300% raise in Scottish Government grant funding, it would be difficult for tenants alone to fully subsidise Scottish Government funding cuts above national average rent rise proposals.

#### Council notes the following reports from the Executive Director of Place:

##### Council Budget Reports

- Housing Revenue Account (HRA) Budget Strategy 2024/2025 to 2028/2029 - referral from the Finance and Resources Committee (6 February 2024)
- Glenarm Place, Western Harbour, Edinburgh – Proposed Acquisition of Completed Homes - referral from the Finance and Resources Committee (25 January 2024)

#### Council further notes:

- Every party in Edinburgh Council declared a 'Housing Emergency' in 2023 that 'impacts housing management practice, homelessness prevention, housebuilding and purchase, funding, social care, and children's services'.
- Edinburgh Council is expected to be a responsible social-rent landlord and continue to both ensure tenants have the best possible service, and that the Council must build new housing, despite a freeze in the national Tenant Management Development Fund (TMDF) and cut to More Homes funding in the Draft Scottish Government Budget. This is combined with the fact that less rents are being collected due to welfare reform and delays in getting voids turned around post-COVID.
- Edinburgh has one of the lowest proportions of social-rent housing in Scotland with 16% of homes being social rent (compared to the national average of 24%). There is an average of 197 bids received for every tenancy announced via EdIndex. Edinburgh also has the highest private rents in Scotland with an average monthly rent of £1,477.
- Benefits and welfare are underclaimed across Edinburgh.
- Retrofitting can not only increase the warmth of homes but allows savings on utility bills and contributes to our citywide carbon reduction strategy and climate impact.

**Council therefore agrees:**

- A rent increase of 7% for 5 years, noting the officer recommendation in the report is to increase rent by 8.4% in 2024/25, as part of a five-year rent strategy requiring annual increases of 8.4% for the subsequent four years, and noting that 7% is comparable to the highest end of consultations and increases that other local authorities and RSLs (circa 6-7%) have proposed across Scotland. This also allows 100% of EESSH2 targets to be met and keeps a strong pipeline of social-rent homes. We further note that without further grant funding, a 5.25% increase in the following five years may also be necessary.
- To continue the successful process of the Tenant Hardship Fund in 2024/25;
- To purchase 118 new build flatted homes within the Western Harbour Development subject to completing due diligence and on the terms and conditions outlined in the report.
- To commit to the design and development phase of new builds, also agrees to explore a 5% "new build premium" rent from 2025 onwards, requests that scheme's progress is reported to committee as appropriate and continue to request fair funding from the Scottish Government.
- Service charges are increased by 5% in line with inflation to ensure tenant services are not negatively impacted.

**Council further agrees:**

Revenue Expenditure

While recognising the Housing Emergency Action Plan, is still in Draft stage by the time this Budget is published, the following key areas are identified as requiring additional investment.

- Additional funding (£100,000) to the Repairs team to assist Draft Housing Emergency Action Plan points 1 (voids reduction), 18 (reduced time for repairs).
- Additional funding (£100,000) to the Home Access Referral Team to assist Draft Housing Emergency Action Plan point 17 (reduced average time for tenants to move into their new homes).
- Additional funding (£100,000) for Recharge Officers for Missing Shares, identified as a priority within the 'Internal Audit Ad Hoc Repairs' report; to include additional funding for main door repairs.
- Additional funding (£50,000) towards Income Maximisation resource within the Housing team to enable individuals to maximise welfare income potential and to outreach directly into communities, particularly in the context of Discretionary Housing Payment pressures and wider welfare reforms.

To ensure both equality and equity of rents

Council:

Notes that the differentials between property types have been left unchanged for several decades, and a holistic look may help determine both whether tenants are paying fair rents (differentiated by number of bedrooms and house vs. flat currently), and whether there are other revenue raising avenues arising from reform that are more equitable (such as Sqm or amenity in other leases of property) subject to an Integrated Impact Assessment.

Requests a report before the 2025/26 HRA Budget to Housing, Homelessness and Fair Work Committee on how Rent Differentiation is currently spread, and proposals to make it fairer.

Notes that Edinburgh's Housing Allocation System is also subject to the above, and that a report on the EdIndex system, including comparisons to other local authorities, is due to a future Housing, Homelessness and Fair Work Committee.

**Moved by: Cllr Pauline Flannery**

**Seconded by: Cllr Jack Caldwell**